SunningdaleTech

Sunningdale reports 4.9% yoy increase in core net profit to S$5.6 million for 3Q2019

- Revenue declines 4.2% yoy to S$183.8 million as the Group continues to be impacted by the global slowdown in automotive sales as well as overall weak market sentiment
- Despite the decline in revenue, gross profit margin improves to 12.5% as the Group tightens cost controls and enhances capacity utilisation across its global manufacturing operations
- Within the Healthcare segment, the Group continues to garner momentum having secured new projects from new and existing customers

SINGAPORE – 6 November 2019 – Singapore Exchange Mainboard-listed Sunningdale Tech Ltd. ("Sunningdale Tech" or "the Group"), a leading manufacturer of precision plastic components, has announced its financial results for the third quarter ("3Q2019") ended 30 September 2019.

Financial Highlights

(S$'000)	3Q2019	3Q2018	Change
Revenue	183,800	191,760	(4.2)%
Gross Profit	22,963	23,506	(2.3)%
Gross Profit Margin (%)	12.5	12.3	0.2 pts
Net profit	5,574	7,523	(25.9)%
Core Net Profit (excluding FX gains, retrenchment costs, onerous rental, gains/losses on disposal of PPE)	5,564	5,305	4.9%
Earnings per Share - Basic (Sing cents)	2.92	3.98	(26.6)%
Net Asset Value per Share (Sing $)	1.94	1.97	(1.5)%

Despite trade war tensions and challenging market conditions, the Group reported a 4.2% year-on-year ("yoy") decline in revenue to S$183.8 million. The decline in revenue was attributed to a decline across all segments, including the Automotive segment which continued to be impacted by the global slowdown in automotive sales and certain projects reaching end-of-life. Revenue from the Automotive segment declined 3.0% yoy to S$64.1 million.

Similarly, the Group's Consumer/IT segment was impacted by weak market sentiment. In addition, the Group had made a deliberate and strategic decision to exit the lower-margin business of a particular customer in February 2019. Accordingly, revenue from the Consumer/IT segment declined 6.2% yoy to S$73.9 million. Revenue from the Group's Healthcare segment remained stable at S$14.4 million.

The Group reported a 2.3% yoy decline in gross profit to S$23.0 million. Despite the decline in revenue, gross profit margin improved marginally to 12.5%. This was attributed to successful tightening of cost controls and the completion of the relocation of the Group's parts operations from one plant in Shanghai to the lower-cost region of Chuzhou.

Amid trade war uncertainty and subdued global growth, the Group reported a 25.9% yoy decline in net profit to S$5.6 million. However, excluding the impact arising from foreign exchange gains, retrenchment costs, onerous rental and the net gains/losses from the disposal of plant, property and equipment, the Group reported a 4.9% yoy increase in core net profit to S$5.6 million for 3Q2019.

(S$'000)	3Q2019	3Q2018	Change (%)
Profit for the period	5,574	7,523	(25.9)
Adjustments:			
Net foreign exchange gain	(400)	(2,250)	(82.2)
Retrenchment costs	174	-	n.m.
Onerous rent[1]	243	-	n.m.
(Gain)/loss on disposal of PPE	(27)	32	n.m.
Core Net Profit	5,564	5,305	4.9

Group CEO & Executive Director Mr Khoo Boo Hor said, ***"Despite the decline in revenue, our efforts geared towards controlling costs and enhancing operational efficiency has allowed us to maintain our gross profit margins. Going forward, we will continue to tighten cost controls while aggressively pursuing new projects.***

Our new manufacturing facility in Penang has begun mass production and we expect utilisation at this new site to gradually improve. In addition, we have completed the relocation of our parts operations from one plant in Shanghai to Chuzhou during 3Q2019. These initiatives will help to alleviate margin pressure.

The slowdown across global automotive markets, especially in China and India, have weighed on the Group's operations. Similarly, the Consumer/IT segment has become challenging due to slowing demand from customers. However, within the Healthcare segment, we remain positive as we have secured new projects from both new and existing customers.

Notwithstanding the difficult market conditions, we remain confident in our resilient business model as the long-term sustainability of our operations remain on track."

- The End -

About Sunningdale Tech Ltd. (Bloomberg Code: SUNN:SP)

Sunningdale Tech Ltd is a leading manufacturer of precision plastic components. The Group provides one-stop, turnkey plastic solutions, with capabilities ranging from product & mould designs, mould fabrication, injection moulding, complementary finishings, through to the precision assembly of complete products.

[1]Onerous rent refers to rent paid at the Group's operations in Shanghai and Thailand despite the shifting of operations from these locations. The Group was required to pay rent at these vacant premises during 3Q2019 as the rental agreements will expire at a later date.

Boasting a total factory space of more than 3 million sq feet, with more than 1000 injection moulding machines and a tooling capacity of 2,500 moulds per year, Sunningdale Tech is focusing on serving four key business segments – automotive, consumer/IT/environment, healthcare and tooling.

With manufacturing facilities across Singapore, Malaysia (Johor, Penang), China (Chuzhou, Guangzhou, Shanghai, Suzhou, Tianjin and Zhongshan), Latvia (Riga), Mexico (Guadalajara), Indonesia (Batam), Thailand (Rayong), India (Chennai) and Brazil (Atibaia). Sunningdale Tech is strategically positioned to target and capture opportunities in diverse business sectors globally using third-party logistic partners.

For more information, please visit http://www.sdaletech.com.

Issued for and on behalf of Sunningdale Tech Ltd. by Financial PR

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